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FISCAL IMPACT REPORT

SPONSOR: Picraux DATE TYPED: 03/09/03 HB 954

SHORT TITLE: Increase Cigarette Tax SB _____

ANALYST: Williams

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$22,429.0			Recurring	UNM HSC

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$10,549.0	\$11,508.0	Recurring	General Fund
	\$22,429.0	\$24,468.0	Recurring	New Mexico Finance Authority

(Parenthesis () Indicate Revenue Decreases)

Duplicates SB 804
 Relates to SB 292, SB 336, SB528, SB 717, SB 804, SB 835
 HB 488, HB 954
 SB 656/HB 558: Amend Hospital Funding Act

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Taxation and Revenue Department (TRD)
 Health Policy Commission (HPC)
 Human Services Department (HSD)

No Response Received

New Mexico Finance Authority

SUMMARY

Synopsis of Bill

House Bill 954 authorizes an increase in the cigarette tax from the current \$0.21 per pack to \$0.71 per pack and authorizes two new distributions, 26.3 percent and 18.41 percent of net receipts attributable to the tax, to the New Mexico Finance Authority for the UNM HSC. Current cigarette tax distributions to all funds other than the General Fund are adjusted to hold them harmless compared to projected FY04 revenue levels.

The bill authorizes the New Mexico Finance Authority to issue revenue bonds of up to \$80 million for design, construction, equipping and furnishing additions and improvements at the UNM HSC. The two new distributions of the cigarette tax are authorized to be pledged as a revenue stream to repay bond holders as well as for issuance, sale and administration costs associated with the bonds. Any balance remaining, after all bond obligations are met, would be appropriated on a monthly basis to UNM HSC.

Upon repayment of the bonds, the two new distributions would be redirected at 26.3 percent to the UNM HSC and 18.41 percent to the General Fund.

The legislation directs statutory changes to cigarette tax imposition, collection or distribution could not be enacted until the revenue bond holders are completely paid. The New Mexico Finance Authority is authorized to pledge funds in the public project revolving fund to these revenue bonds if necessary.

Significant Issues

Because the cigarette tax is increased and the General Fund distribution share is not specified in statute, but rather determined as a residual after other distributions, this bill would increase General Fund revenues as well as provide a pledged revenue stream for the UNM HSC for \$80 million of bond issuance.

FISCAL IMPLICATIONS

The bill would generate additional recurring general fund revenues through the cigarette tax of \$10,549.0 in FY 04, with a full year increase of \$11,508.0. In addition, \$22,429.0 of additional recurring revenue in FY 04 would be generated for New Mexico Finance Authority to pledge to a revenue bond issuance for UNM HSC. Full year impacts of additional recurring revenue for the project is projected at \$24,468.0.

AW/prr